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(c) if so, whether there are any Government hospitals and dispensaries in which this treatment is not available;

(d) if so, why this treatment is not available there;

(e) in what Government hospitals and dispensaries, if any, this treatment is not available;

(f) whether the Government have considered the desirability of making this treatment available in every Government hospital and dispensary; and

(g) whether statistics are available showing the incidence of leprosy in every taluk in this Province?

A.—(a) Injections of Creosotted Hydrocarpus oil and its Esters.

(b) Yes.

(c) & (e) It is available in all Government hospitals and dispensaries except institutions intended for treatment of specific diseases, such as mental hospitals, tuberculosis and ophthalmic hospitals.

(d) & (f) It is not desirable to treat leprosy in institutions intended for the treatment of specific diseases.

(g) Up-to-date statistics are not available. Efforts are being made to obtain such figures.

Mr. M. S. SRESHTA:—“Is the Hon. Minister aware that there are several dispensaries, such as the one in Shirwa in South Kanara where leper clinics are maintained at the cost of non-official organizations like leprosy committees?”

The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—“No, Sir.”

Mr. M. S. SRESHTA:—“Will the Government please make enquiries into the matter?”

The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—“I do not know if any useful purpose will be served by it.”

Mr. A. B. SHETTY:—“With reference to the answer to clause (g), may I know what were the efforts made to obtain up-to-date statistics?”

The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—“Notice, Sir.”

[Note.—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—A BILL TO PROVIDE FOR THE LEVY OF A TAX ON CERTAIN FORMS OF BETTING IN THE PRESIDENCY OF MADRAS (BILL No. 20 OF 1935).

* The Hon. Rao Bahadur A. T. PANNIRSELVAM:—“Mr. President, Sir, I beg to introduce the Bill^a to provide for the levy of a tax on certain forms of betting in the Presidency of Madras (Bill No. 20 of 1935) and move that the Bill be taken into consideration at once.

^a Published in the Fort St. George Gazette, dated 22nd October 1935.

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“ In doing so, I think very few words are necessary from me at this stage. I may state at once that this Bill is entirely a fiscal measure calculated to raise a certain amount of tax. When the other day when the Tobacco Bill was under discussion, some hon. Members emphasized that as only a very small amount was likely to be raised by that measure, there was no necessity for a Bill of that type, I must confess that I began to feel a bit nervous about the attitude which hon. Members of the House might adopt towards this Bill. Whereas the Tobacco Bill contemplated an income of ten lakhs, unfortunately by this Bill I cannot promise the House more than a lakh of rupees a year. I feel, however, that after listening to the very clear and explicit statements made by my Hon. Colleagues the Hon. the Revenue Member and the Hon. the Finance Member about the financial position of our province, with ever-contracting revenues and ever-expanding expenditure, the House will be at one with the Government in its desire to find out fresh sources of taxation, however little might be the amount which any such source might give; and it is in that hope that I approach this House with this Bill and I do hope that it will receive a very sympathetic consideration at the hands of the hon. Members of this House.

“ I might also state that the Bill is so limited in its scope and has so few provisions in it that all hon. Members would have had an opportunity and the time to go through it in detail and would be with me in thinking that there is no need for a reference to Select Committee for a detailed examination of the provisions contained therein, and would give me permission to go on with the Bill at once.

“ Apart from the very few number of provisions which this Bill contains, I might also state that it is based almost wholly on the provisions of the Acts which are to-day in force and have been in force for a fairly large number of years in three other provinces—Bombay, Bengal and Burma. Those Acts have been in force in some cases for a period of about ten years and in others a bit less, but nevertheless for a large number of years, and obviously those Governments have found the provisions to be workable and practicable. The measure which I now introduce is based, as I have already stated, mostly on the provisions contained in those three Acts; and if I refer to them, it is only to point out that it is some guarantee that the provisions of this Bill, even if not perfect and even though they may require consideration at a later stage, are for all practical purposes workable and could be brought into force at once. Another reason why I am not in favour of its being referred to a Select Committee is that, unless the Act is brought into force at as early a date as possible, we would not be able to derive any benefit out of the Act during the current year. If we do not pass this Bill into law during the present sitting, the next racing season in Madras would have passed before we could enforce the Act and when that season is passed, we will not be able to get any income at all under this Bill. As, to begin with, we propose enforcing the Act only as

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regards the Madras Races, if we do not bring it into force before the end of the Madras race season, it will mean that this year we shall not be getting any income under this tax. That means we shall be foregoing about a lakh of rupees of revenue. It is on these considerations that I would appeal to my hon. friends who have given notice of a motion to refer the Bill to a Select Committee not to press their motion, but to allow me to go on with the Bill straightaway. With these few words, I move that the Bill be taken into consideration at once."

* Mr. V. P. NARAYANAN NAMBIYAR:—"Mr. President, I beg to second the motion before the House and I congratulate the Hon. the Home Member in having brought forward such a measure in spite of his good friends like me."

* Mr. K. A. NACHIYAPPA GOUNDER:—"Mr. President, I thought that, this being a new measure of taxation, it would be better if it was referred to a Select Committee so that they might go through the provisions carefully and suggest improvements if necessary. Since the Council is going to sit for a long time yet, I thought that during the interval in one or two days the Select Committee might consider the Bill; but since I hear from the Hon. the Home Member that this Bill closely follows the other Acts which have worked sufficiently well in other provinces, I do not mean moving my motion for referring the Bill to a Select Committee."

The motion was put and carried and the Bill was taken into consideration.

Clauses 1, 2, 3 and 4 were put and carried.

Clause 5.

Mr. P. V. KRISHNAYYA CHOUDARI:—"Mr. President, I move that instead of 4 per cent maximum, it should be $6\frac{1}{2}$ per cent minimum and $12\frac{1}{2}$ per cent maximum. My reason for moving this amendment is this. The Government are anxious to have extra income as could be inferred from the speeches made both yesterday and to-day by the Hon. the Revenue Member and the Hon. the Finance Member and they have to find out new sources of taxation. This Bill is really one which seeks to tax luxury. Betting is really a luxury and nobody should grudge paying one anna in the rupee. When they get sixteen annas, they should not grudge to pay one anna by way of tax.

"I therefore move the following amendment:—

'For the proviso of clause 5 (2), substitute the following:—

"Provided the rate shall not exceed $12\frac{1}{2}$ per cent and shall not be less than $6\frac{1}{2}$ per cent of the sum paid out by a book-maker to a winning backer, the amount of the bet being excluded."

"I want to fix one anna in the rupee as the minimum. It is not a tax which has to be paid by every person; only the person who wins

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pays it. But the argument may be raised that such a person would have lost already. But, Sir, on the analogy of assessment to income-tax which only takes note of profits earned and does not give any credit to losses sustained, this one anna in the rupee may be taken from the winners by way of tax. It is purely a luxury and people who go to the races can afford it for the sake of their hobby. I feel that one anna could be ungrudgingly given by a person who wins one rupee. I think such a tax is very essential and the Hon. the Home Member deserves our special thanks for bringing forward this sort of legislation in our province, copied though it might have been from other provincial Acts. The Government expected a return of one lakh from this tax but if my amendment were accepted, it will be much more.

“I also understand on reliable authority that they are going to increase the value of the ticket on a horse in the second enclosure from Rs. 2 to Rs. 2-8-0. On the pretext of the imposition of this tax, the race authorities have increased the value of the tickets. That is the very reason why I am moving this amendment.

“If the Government accept $12\frac{1}{2}$ per cent as the maximum tax which can be levied, they would lose nothing. On the other hand it will constitute a reserve which in an emergency they can draw upon, instead of restricting themselves to 4 per cent. Of course the argument may be adduced that it is just like killing the goose that lays the golden eggs. But I will reply to it by stating that we are only imposing a tax on the amounts won. Yesterday we agreed in principle to the further taxation of the ryot. I fear that our *bona fides* will be questioned if we do not accept this amendment. The *bona fides* of the Government could be better understood by the public if they support this amendment. Their intention is to raise revenue and in that they were supported by the party *en bloc* yesterday. This amendment, seeking as it does to bring in more money to the treasury, will, I hope, be accepted by the Government. I hope the Hon. the Home Member who is always sportive will accept the amendment.”

Mr. H. M. JAGANNATHAM:—“Mr. President, Sir, I beg to second the amendment.”

* Mr. V. P. NARAYANAN NAMBIYAR:—“Mr. President, Sir, I beg to oppose the amendment. The hon Member representing Guntur, in moving the amendment, spoke about the anxiety of the Hon. the Revenue Member and the Hon. the Finance Member to augment the resources of the province. That being so, they would have fixed the figure after very careful consideration. I oppose the amendment of my hon. Friend fully realizing that I am not at all doing any injustice to the ryots whose cause my friend has so much at heart.”

* Mr. W. K. M. LANGLEY:—“Mr. President, I oppose the amendment and I do so for very definite reasons. This is purely a fiscal measure as the Hon. the Home Member just now pointed out. We

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are not concerned in the slightest degree whether racing or betting is good or bad. We are merely concerned with a fiscal measure and we have to examine the amendment under discussion to see if it can make a suitable contribution to our revenues. We have, therefore, to consider such an amendment extremely carefully because unless it is thought out most properly and thoroughly it might completely wreck the whole effect of the Bill. Far from producing enormous revenue, as my hon. Friend the Member for Guntur seemed to imagine, on the other hand, so far as my information goes, it would have the effect of producing probably no revenue at all. I think my hon. Friend for Guntur who speaks frequently on financial matters and who is a high authority is fully aware of the law in connexion with fiscal matters, which is known as the law of diminishing returns. It has been proved by actual practice that in connexion with betting taxes, you have to go extremely carefully and remember that as the tax rises and goes beyond a certain point, it would no doubt have the effect of steadily diminishing the return until we reach a minimum when, I am credibly informed, no revenue whatever would be produced.

“ I notice that the hon. Member's amendment is solely with regard to book-makers. Now the book-makers, though they make themselves heard clearly enough on the course, unfortunately cannot make themselves heard here. I hold no brief for them but I feel I can speak on behalf of them here because nowadays I have nothing to do with them. Now the book-maker, put at the very lowest form of argument, is a necessary evil on the race course and I will tell you why. Big trainers and owners who generally bet on a large scale do not generally like to go to the totes for special reasons which I need not go into at the present moment. So they employ the book-makers. If the officials of the race course wish to keep racing absolutely clean, they curiously enough have to depend very largely on the book-makers. The book-makers are licensed by the race course authorities and their books are open to inspection and consequently if there were any in and out running or any suspicion of malpractice of any kind in connexion with any particular race, the best source that the official of the race course can go to in order to prove that their suspicions are well-founded is the book-makers' books. The stewards of the Madras races, all experienced men, can at a glance tell whether there is any probability of any particular malpractice or sharp practice of any kind. In that way, the book-makers exercise a very healthy function in connexion with racing and I have not the slightest doubt that the suggestion of my hon. Friend from Guntur would undoubtedly have the effect of putting all the book-makers out of business. What would then happen? Other countries—they are trying to do without book-makers in, for example, New Zealand—have experimented with it and they have all learned their mistake. What happens in New Zealand is that all the betting money is collected by the book-makers' representatives, and is telegraphed to Australia and the money all goes to Australia where it is perfectly impossible for the officials of New Zealand to exercise any sort of control and therefore, that inevitably leads to malpractices on

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the race courses. What happened in Bombay? Sir George Clarke adopted the method suggested by the hon. Member from Guntur and put a tax on the book-makers and finally did away with them altogether by legislation. The result was that racing in Bombay became a byword for corruption and bucket shops sprang up in every corner of Bombay and reaped a glorious harvest as a result of it. Unsatisfactory practices also cropped up on the race course and the Government finally was so concerned with its effect on the morals of Bombay that they proceeded by legislation to allow book-makers to ply their trade once more. As I have said, I hold no brief for book-makers; but I do hold a brief for honest sport and clean and satisfactory racing. And curiously enough, book-makers are the custodians in a way of clean racing on the turf. I am convinced that the amendment of my hon. friend for Guntur would have the effect of entirely abolishing book-makers and leading to unsatisfactory racing and spoiling a clean and healthy sport. I strongly oppose the amendment."

12 noon. * Mr. M. S. SRESHTA:—"In opposing the amendment I feel there must be a limit to this taxation. If a minimum of $6\frac{1}{4}$ per cent is insufficient I do not see why my hon. Friend did not ask that the minimum should be raised to 25 per cent. He is apparently guided by the fact that betting is immoral. That is perhaps the feeling of a large number of people. I myself bring to bear on the question a judicial indifference as I do not bet myself. I feel that the Hon. the Finance Member and the Hon. the Home Member are right in trying to exploit all possible sources of revenue. So long as betting is allowed and so long as racing is allowed I do not see why Government and the tax-payer should not benefit by it. I only make the suggestion that the Hon. the Finance Member will spread the net wider and try to catch all kinds of betting that are going on and on which no revenue is derived by Government. It was my own privilege or misfortune to move a resolution some years ago in which I said that there should be a sweepstake run by Government so that some revenue may be derived by Government by exploiting this instinct in human nature for betting. But unfortunately the Finance Member of that day, Mr. Bracken's predecessor, thought my proposal was very pernicious and immoral and said that my resolution should not be supported. I am glad however that the Government has now changed its mind and is not quite prepared to ignore this instinct and, recognising that such an instinct does exist and cannot be resisted, tries to get some revenue out of that instinct as much as possible. As I said, I make the suggestion to the Hon. the Home Member to spread the net wider and try to tax all the betting going on. We know what a lot of money is going away to Ireland, Goa and Indian States by way of tickets to sweepstakes. So far as South Kanara is concerned something like Rs. 5,000 is sent every month to Goa. This is an enormous inroad on the resources of the people. If the Government consider it immoral to have sweepstakes, they must bear in mind that Ireland and other countries are taking away a lot of money from this province. Let therefore

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Government legalize betting and sweepstakes and levy a small tax on them. With this suggestion to Government, I oppose the amendment."

* Dr. P. SUBBARAYAN:—"Mr. President, Sir, I also rise to oppose this amendment. I do not think I need add many words because Mr. Langley has put in his arguments very clearly and I cannot but repeat most of the arguments he has advanced. But there is one thing. If really Government are keen in getting some revenue, they will be killing the goose that lays the golden eggs if the percentage is put at a higher rate, because, it will lead to the race course closing down, since the race-going people will not be able to bear the tax. One more word. (The Hon. the Finance Member: Hear! Hear!) The Hon. the Finance Member says 'Hear, hear.' The Hon. the Finance Member is for augmenting the revenue, but I hope he will not kill the goose that lays the golden eggs. Also, I would like to point out that if there is a heavy tax, the bucket shops will rise in every corner of the city whether you like it or not and you will have to incur expenditure on police to put down illegal betting. Therefore, I would appeal to Mr. Krishnayya Choudari to leave it there. Government know their business. Government know what they are doing in the matter and it will not be right to raise the percentage as to really dry up this source of revenue."

* Mr. YAKUB HASAN:—"Mr. President, Sir, I rise to support the amendment. (Laughter.) I do not see why my support should raise a laughter. I am surprised that there is so much opposition to the amendment. That shows some people in this House are so fond of racing that any supposed impediment to it is opposed so vigorously. Sir, the Hon. the Home Member need not have been apologetic in introducing this Bill. This does not stand on a par with the Tobacco Bill. The bigness or smallness of the amount of tax should be no consideration at all. If I support this, it is not because of the one lakh that the tax will bring in but I support it on moral grounds. All people who make income from whatever source, the Government ask them to pay a part of their income by way of tax. But the people who are making income from betting are the only people who are let alone without any taxation whatsoever. That is iniquitous. I welcome this Bill because such people will also be brought in and taxed. When you are taxing, you should tax properly and not levy merely a small amount. Their burden of taxation should be equal to the burden of others. Two annas in the rupee or 12½ per cent is not such a big thing that people may be afraid of killing the goose that lays the golden eggs. Sir, Mr. Langley said that owing to some action on the part of Government in Bombay the book-makers' business was not profitable at one time with the result that bucket shops and others came in and betting was done in an improper way. Sir, if betting is a good thing, what does it matter if it is done through bucket shops? (Laughter.) If betting is only to be indulged in in a proper form through the book-makers, the book-makers should be made to pay a tax on the income of the profession that they are following:

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I do not see why you should think that the payment of $12\frac{1}{2}$ per cent will drive the book-makers away out of the business. The tax will not make any difference in the book-making trade whatever. Supposing such a thing takes place, you can deal with the bucket shops in the proper manner. That fear should not be allowed to affect this question. We have dealt with the bucket shops before and we can deal with them again. When the new Government which will have an elected majority comes in, they will deal with it in a more drastic manner than in the Legislative Council where the elected members are not in a majority. We need not be anxious on that score. Therefore, I ask the Members of this House to consider this matter in the light in which it should be considered. I am surprised to see that people have opposed this motion. I do not ascribe any motive to them. They think that racing is a good thing and a sport. Let it go on. I do not do anything to put a stop to it or propose any sort of obstacles to it. But at the same time, you must consider that any leniency shown to the book-maker is out of the way. I think $6\frac{1}{4}$ to $12\frac{1}{2}$ per cent is a very proper tax to be levied on them and I hope the House will support this amendment."

* Sriman M. G. PATNAIK Mahasayo:—"Mr President, Sir, the question of raising money is not the only question that has to be considered. My hon. Friend Mr. Langley has clearly avoided the question whether betting is moral or immoral. He did not like to address himself to that question. If he had done so, he would have condemned it as immoral. That is the reason why he avoided that."

* Mr. W. K. M. LANGLEY:—"Sir, on a point of order. I could deal with betting and I could deal with racing also. But I did not feel called upon to do so on this amendment. The only question before the House is the extent to which the book-makers should be taxed. I am quite willing to give the hon. Member a lecture on betting or on racing at any time if he wishes it."

* Sriman M. G. PATNAIK Mahasayo:—"That consideration also should count with the Members of this House in coming to a conclusion on this question. That was avoided by Mr. Langley and I repeat it again and Mr. Langley's explanation has not met my point yet. Therefore, there are two things. What is the duty of this Government? First of all, the Government has to see whether betting should be encouraged or discouraged. If they are going to encourage it, they will begin by imposing a slight tax to encourage it. But if they want to discourage it, then of course, they must put a very heavy tax. I think that has been the policy of Government with regard to matters which are pernicious to public morals. That is what the policy of Government is with regard to excise. I do not see how on principle this betting differs from their policy in regard to excise. It is a pernicious practice. No doubt, one thing must be said. Many persons highly placed do take part in racing. But that is a reason why it should be condemned all the more. I think it ought to be condemned

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more because the influence of such persons spreads the contagion more readily than other kinds of pernicious practices. I am very sorry that the Hon. the Leader of the Opposition should assert that it is a hen which lays the golden eggs. Whatever it may be, this is not a golden egg. Of course it is a poisonous egg. (Laughter.) So the policy of Government should certainly be, if they want to impose light taxation, to encourage it. If they want money they can encourage many malpractices. There are many other things also of such character. (Laughter.) Then Mr. Sreshta said that the previous Finance Member said that he was entirely against any money being raised on sweepstakes. I think the Government ought to get more money and discourage it. That is the policy in regard to excise. My friend's amendment ought to be supported and if they do not do it, I will only say that they are encouraging betting."

* Sir WILLIAM WRIGHT:—"Mr. President, the two members who supported this amendment have obviously supported it, not because it would bring in more revenue, but because they wished to attack betting itself. It seems to me somewhat illogical that they should support the motion and attack betting as far as book-makers are concerned whilst there is nothing in this amendment to oppose betting on the totalisator. We can only conclude that these hon. Members who object to betting in the ring with the book-makers have no objection to punters walking a few yards and putting their money on the totalisator. P.m."

"Now, Mr. President, the Mover of this amendment referred to the golden duck, the Leader of the Opposition referred to the golden goose, and the last speaker to the golden hen. I have no objection at all to these various birds being brought into this debate, because I should like to point out that it is not a question of one egg only; there will be many golden eggs lost as revenue to Government as the outcome of this amendment if passed by the House. Because as my friend Mr. Langley has pointed out, if you are going to do away with book-makers by introducing legislation which would penalize backers so highly as suggested by the Mover of this amendment, you will probably make it impossible for racing to be carried on in Madras at all and you will lose all your golden eggs. With your permission, Sir, I should like to give some information to the House about these eggs. As far as Madras is concerned, the labour employed in the race club during the last year received in pay very nearly Rs. 1,73,000. In addition to that, as you know, a very large clerical staff has to be employed temporarily and a large staff all the year round. The expenditure on wages annually comes to Rs. 2,37,000. All this money is naturally spent in and around Madras. The club itself pays income-tax amounting to Rs. 61,000. That perhaps does not interest us but it certainly interests the Government of India. Then the club pays entertainment tax to the local municipalities of Rs. 20,000 per annum, which we understand is going to be increased this year. The

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railways also obtain a very large amount of revenue which they will not get otherwise, from the very large number of horses that are brought to Madras and from the large crowds that go out by train to Guindy to enjoy the fresh air. The large number of horses that are brought to Madras during the racing season of course have to be fed, a large number of syces, grass-cutters, riding boys, etc., have to be employed and the cost of maintenance of men, horses all means more money spent locally. So I will appeal to the House not to accept this amendment which would possibly kill racing in Madras and make it impossible in future."

* The Hon. Rao Bahadur A. T. PANNIRSELVAM:—" Mr. President, Sir, I am very sorry I am unable to accept the amendment moved by my Friend, Mr. Krishnayya Choudari, though he was good enough to pay me a compliment. Whatever that might be, I can only say I am sportsman enough not to spoil the sport of others by accepting this amendment. As I began by saying and as has been emphasized by Mr. Langley, this is a measure which does not concern itself with the morality or otherwise, the beneficial nature or otherwise, of betting generally. We are concerned here wholly with the means of raising some additional revenue to our exchequer; and paradoxical as it might appear, I may say that I have put down this low figure of four per cent for the purpose of raising the maximum revenue that we can. As far as the question of morality is concerned, as I said, we have nothing to do with it, though personally speaking—and I state not as a Member of Government—to give vent within limitation to mere human instinct can under no circumstances be said to be immoral, and wagering, I believe is found in most human natures and the Government as such, I think, is very little concerned, or at least ought to concern itself very little, with immorality of individuals provided it does not affect the public morality. And the best method of safeguarding public morality would be to see to it that this natural instinct; whether it be of wagering or of having an occasional stimulant by way of taking some alcohol or some such thing, is regulated into right channels rather than completely stopped. Because if you stop it, you will drive it underground and the mischief will be all the greater. Here, I think we are doing the right thing by allowing betting under certain rules and regulations because if we do away with it altogether, evil consequences will flow from it which Mr. Langley has so graphically described as having arisen in Bombay. My hon. Friend, Mr. Yakub Hasan, asked, if betting on the race-course is allowable or permissible or laudable, why not have it in bucket shops also? The only answer I can give is this. Within the licensed area of the race-course we can control it, but outside it, in an undefined area, we shall not be able to exercise any control; there would be frauds and other malpractices which cannot be brought to light and which cannot be effectively dealt with. That is why I say we allow people to give vent to a natural instinct which within limitations does no harm to anybody and which if given vent to in greater degrees,

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might lead to the disaster of all individuals, against which the individuals themselves must be safeguarded and it is up to the State to regulate such practices.

"As I said, we are not concerned with that matter at all here; we are concerned with the sole question as to what amount we could get by this legislation. Being myself not much or anything at all of a race-goer, I felt like my Friend, Mr. Krishnayya Choudari, and like anybody else who imposes a tax which he himself has not to pay, I aimed at a high figure and considered that $6\frac{1}{4}$ per cent would be a reasonable maximum. I also thought that for purposes of administration it would be easier if we put it at one anna in the rupee. I may state that after calling for opinion from people who are competent to offer advice and suggestions, I had to convince myself against my own inclination that $6\frac{1}{4}$ per cent would not bring the return which we could expect, and that it would have the effect of completely drying up this source of revenue, and I put down four per cent as the maximum. I might however state that we do not propose to levy anything more than $1\frac{1}{4}$ per cent to begin with; and it is this $1\frac{1}{4}$ per cent which we expect would give a lakh of rupees. The maximum of four per cent may seem a low figure to Mr. Krishnayya Choudari. So, even within this limited area, there is the possibility, if things prove encouraging, of realizing anything between three to four lakhs, and purely from the point of view of finance it would be unwise to raise the maximum which we have prescribed and which we do not propose to avail ourselves of immediately. I may also state that the rates of tax in Bombay and Bengal, where I believe the position, financial and otherwise of the race clubs is very much sounder than what it is in Madras, have nowhere reached the figure which Mr. Krishnayya Choudari would put down as the minimum. In Bengal the rate is four per cent, in Rangoon it is only $2\frac{1}{4}$ per cent. In Bengal they have had the Act for 14 years and they have raised it only to four per cent. In Bombay, the Act has been working for 10 years, and at the end of 10 years they are putting four per cent. In Rangoon, the Act has been in force for six or seven years, and the rate has gone up to only $2\frac{1}{2}$ per cent. Before we can reach even the maximum of four per cent we have prescribed to ourselves, I believe it will have to be some years, because, as pointed out by Mr. Nachiyappa Gounder, it is a new source of taxation we are trying to tap and we cannot be overcareful and overcautious. In the case of arrack we found that by putting up the price the income went low and therefore we have now had to reduce the prices; and that ought to be a lesson to us for not aiming too high. So, apart from appealing to the House not to accept this amendment, I would make a personal appeal to my Friend, Mr. Krishnayya Choudari, reasonable as I know him always to be, to withdraw the amendment he has moved."

Mr. P. V. KRISHNAYYA CHOUDARI:—"In view of the Hon. Member's statement, I beg leave to withdraw the amendment. (A voice: 'In view of the flattering compliments.') It is not for the flattering

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compliments, but because in the Statement of Objects and Reasons he has not stated that $1\frac{1}{4}$ per cent will give us $1\frac{1}{2}$ lakhs. If I had known that, probably I might not have given notice of this amendment. Now having got this information, and because the Leader of the Opposition is himself a race-goer and a member of the club and says that the tax should not be levied, for it would be an indirect tax on him, I withdraw the amendment in order to show some respect to the Leader of the Opposition." (Laughter.)

12-30 p.m. The amendment was, by leave, withdrawn.

Clauses 5, 6, 7, 8, 9 and 10 were put and carried.

The preamble was then put and carried.

* The Hon. Rao Bahadur A. T. PANNIRSELVAM:—" Mr. President, Sir, I beg to move that the Bill (No. 20 of 1935) be passed into law. In doing so, I might state that, while I feel considerably flattered by what was said by one or two hon. Members about my being responsible for imposing this tax—though my Friend, Mr. Krishnayya Choudari, would make it a sort of lefthanded compliment by saying that it is a copy of the Bengal or Bombay Act—whatever credit is due for the introduction of this measure, a great portion of it should go to my Hon. Colleague, the Finance Member, who is really the father of the Bill though I am here as its foster father. The thanks of the House are due to him mainly for this Bill being accepted by the House.

" Next, I have to offer my thanks to all hon. Members of the House for having been so considerate towards this Bill as to have it passed so rapidly. Finally, I think I should be failing in my duty if I do not offer my meed of tribute to the persons or to the institution which is going to be most affected by this Bill. The readiness with which the Race Club authorities came forward not merely to accept the tax that is going to be imposed upon them but also to offer every possible help at every stage to the Government to make the Act practicable and workable, deserves praise. I must acknowledge here the very valuable suggestions which had been conveyed to the Government by the Race Club authorities in the various communications which they were good enough to send us. I might state that if, unlike other sources of income where we always anticipate or budget for very much more than we do actually realize, in this case I stand on firmer ground in anticipating the probable return to the Government, thanks must be due mainly to the Race Club authorities. With these few words I move that the Bill be passed into law."

The Hon. Mr. P. T. RAJAN:—" I second it."

* Dr. P. SUBBARAYAN:—" I am indeed very thankful to the Hon. the Home Member for the compliment he paid to the Race Club authorities. I can assure Hon. Members of the Government that it has been always the practice of the Race Club to co-operate with the Government as much as they can and I am indeed glad to learn that

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the help that the Race Club authorities gave with regard to the passing of this measure has been very valuable to the Government. I am sure the figures have been worked out carefully and the Hon. Member is not wrong when he says that he could safely rely on those figures and that it would not be very difficult for the Government to collect this tax.

"I am indeed thankful to my hon. Friend, Mr. P. V. Krishnayya Choudari, for having withdrawn his amendment. I am sure if he had known that 1½ per cent would bring in one lakh of revenue, he would not have moved his amendment. I am sure that all Members of this House are obliged not only to the Hon. the Home Member but also to the Hon. the Finance Member for the interest he has taken in this purely fiscal measure leaving all questions of morality aside."

The motion was put and carried and the Bill was passed into law.

III.—THE MADRAS PUBLIC SERVICE COMMISSION BILL^a

(BILL No. 19 OF 1935).

* The Hon. Mr. C. A. SOUTER:—"Mr. President, Sir, I beg to introduce the Madras Public Service Commission Bill (Bill No. 19 of 1935) and move that the Bill be taken into consideration at once.

"At page 5 of the printed Bill, hon. Members will find the Statement of Objects and Reasons for this Bill. I may state briefly that, although we have a Public Service Commission Act now, when the new Government of India Act comes into force, that Act will automatically lapse. The constitution, etc., of the future public service commissions not only in this Province but in the Federal Government and in the other Provinces will be regulated by Chapter III of Part X of the Government of India Act of 1935. Hon. Members who read sections 264 to 268 of that Act will see that that chapter in itself contains full provisions for the constitution and functioning of the public service commissions. They will also notice if they read those sections carefully that the Act which has been in force in this Presidency for the last three or four years is in many respects *ultra vires* the new Government of India Act. Although it is quite possible for us to carry on under the present Services Commission Act until the new Government of India Act comes into operation in this Presidency, I think it is better that we amend the Act suitably and that is the reason why the Government have thought it necessary to bring forward this Bill. My reasons for stating that it will be a mistake to continue our present Act until the introduction of the Reformed Government are briefly these: Under the present Act we have, in accordance with its provisions, made a large number of rules and conventions with the Commission for carrying on the provisions of that Act in a manner which, as I have said, is inconsistent with the provisions of the new Government of India Act. We can carry on under these conditions until the new Act comes into force, but is it not much

^a Published in the *Fort St. George Gazette*, dated 22nd October 1935.